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7 *Attorneys for Defendant*  
NEXT PRODUCTIONS, LLC

8  
9 UNITED STATES DISTRICT COURT  
10 CENTRAL DISTRICT OF CALIFORNIA  
11

12 KIM ROBERTS HEDGPETH, IN HER  
CAPACITY AS EXECUTIVE  
13 DIRECTOR, FILM MUSICIANS  
SECONDARY MARKETS FUND,

14 Plaintiff,

15 vs.

16 INITIAL ENTERTAINMENT GROUP,  
INC., a California corporation; INITIAL  
17 ENTERTAINMENT GROUP, INC., a  
Delaware corporation; IEG; INITIAL  
18 ENTERTAINMENT GROUP; GKF  
DISTRIBUTION, LLC, a Texas limited  
19 liability company; AVIATOR, INC., a  
California corporation; BEN & BANKS,  
20 LLC, a California limited liability  
company; BLACK CIRCLE BOYS  
21 PRODUCTIONS INC., a California  
corporation; CAMPFIRE LLC, a  
22 California limited liability company;  
COMPULSION, INC., a California  
23 corporation; DR. T INC., a California  
corporation; LITTLE CITY, LLC, a  
24 California limited liability company;  
NEXT PRODUCTIONS, LLC, a  
25 California limited liability company;  
UNFINISHED FILMS, INC., a California  
26 corporation; and Does 1 through 10,  
27 inclusive,

28 Defendants.

No: 2:16-cv-01604-PA-AFM

Honorable Percy Anderson

**ANSWER OF DEFENDANT NEXT  
PRODUCTIONS, LLC, TO  
PLAINTIFF'S COMPLAINT**

**JURY TRIAL DEMANDED**

Complaint Filed: March 8, 2016

1 Defendant Next Productions, LLC (“Next Productions”), hereby answers the  
 2 Complaint (“Complaint”) of Plaintiff Kim Roberts Hedgpeth, in her Capacity as  
 3 Executive Director, Film Musicians Secondary Markets Fund (“Plaintiff”) as  
 4 follows:

### 5 INTRODUCTION

6 1. Next Productions admits that union musicians and other employees  
 7 help create movie and television films enjoyed throughout the world. Next  
 8 Productions admits that under industry-wide collective bargaining agreements, the  
 9 payment to the musicians include the deferred compensation sometimes known as  
 10 residuals. Next Productions admits that the amount of the residuals depends on the  
 11 amount of worldwide revenues from the worldwide secondary and supplemental  
 12 markets (e.g., VCR/DVD, Free-TV, Pay-TV, Digital or In-flight) after initial  
 13 distribution of the films (e.g., in the Movie Theater). Except as expressly admitted,  
 14 Next Productions denies the allegations of Paragraph 1.

15 2. Next Productions lacks knowledge or information sufficient to form a  
 16 belief as to the truth of the allegations of Paragraph 2 of the Complaint, and on that  
 17 basis, Next Productions denies the allegations.

18 3. Next Productions lacks knowledge or information sufficient to form a  
 19 belief as to the truth of the allegations of Paragraph 3 of the Complaint, and on that  
 20 basis, Next Productions denies the allegations.

21 4. Next Productions lacks knowledge or information sufficient to form a  
 22 belief as to the truth of the allegations of Paragraph 4 of the Complaint, and on that  
 23 basis, Next Productions denies the allegations.

24 5. The allegations of Paragraph 5 state a legal conclusion to which no  
 25 response is required, but to the extent a response to the allegations is required, Next  
 26 Productions lacks knowledge or information sufficient to form a belief as to the  
 27  
 28

1 truth of the allegations of Paragraph 5 of the Complaint, and on that basis, Next  
2 Productions denies the allegations.

3 6. Next Productions lacks knowledge or information sufficient to form a  
4 belief as to the truth of the allegations of Paragraph 6 of the Complaint, and on that  
5 basis, Next Productions denies the allegations.

6 **PARTIES**

7 7. Next Productions lacks knowledge or information sufficient to form a  
8 belief as to the truth of the allegations of Paragraph 7 of the Complaint, and on that  
9 basis, Next Productions denies the allegations.

10 8. The allegations of Paragraph 8 state a legal conclusion to which no  
11 response is required, but to the extent a response to the allegations is required, Next  
12 Productions lacks knowledge or information sufficient to form a belief as to the  
13 truth of the allegations of Paragraph 8 of the Complaint, and on that basis, Next  
14 Productions denies the allegations.

15 9. Next Productions lacks knowledge or information sufficient to form a  
16 belief as to the truth of the allegations of Paragraph 9 of the Complaint, and on that  
17 basis, Next Productions denies the allegations.

18 10. Next Productions lacks knowledge or information sufficient to form a  
19 belief as to the truth of the allegations of Paragraph 10 of the Complaint, and on  
20 that basis, Next Productions denies the allegations.

21 11. Next Productions lacks knowledge or information sufficient to form a  
22 belief as to the truth of the allegations of Paragraph 11 of the Complaint, and on  
23 that basis, Next Productions denies the allegations.

24 12. Next Productions lacks knowledge or information sufficient to form a  
25 belief as to the truth of the allegations of Paragraph 12 of the Complaint, and on  
26 that basis, Next Productions denies the allegations.

1           13. Next Productions lacks knowledge or information sufficient to form a  
2 belief as to the truth of the allegations of Paragraph 13 of the Complaint, and on  
3 that basis, Next Productions denies the allegations.

4           14. Next Productions lacks knowledge or information sufficient to form a  
5 belief as to the truth of the allegations of Paragraph 14 of the Complaint, and on  
6 that basis, Next Productions denies the allegations.

7           15. Next Productions lacks knowledge or information sufficient to form a  
8 belief as to the truth of the allegations of Paragraph 15 of the Complaint, and on  
9 that basis, Next Productions denies the allegations.

10          16. Next Productions lacks knowledge or information sufficient to form a  
11 belief as to the truth of the allegations of Paragraph 16 of the Complaint, and on  
12 that basis, Next Productions denies the allegations.

13          17. Next Productions lacks knowledge or information sufficient to form a  
14 belief as to the truth of the allegations of Paragraph 17 of the Complaint, and on  
15 that basis, Next Productions denies the allegations.

16          18. Next Productions lacks knowledge or information sufficient to form a  
17 belief as to the truth of the allegations of Paragraph 18 of the Complaint, and on  
18 that basis, Next Productions denies the allegations.

19          19. Next Productions admits that it was a California limited liability  
20 company, with its principal place of business in Los Angeles, California. Except as  
21 expressly admitted, Next Productions denies the allegations of Paragraph 19.

22          20. Next Productions lacks knowledge or information sufficient to form a  
23 belief as to the truth of the allegations of Paragraph 20 of the Complaint, and on  
24 that basis, Next Productions denies the allegations.

25          21. The allegations of Paragraph 21 of the Complaint state a legal  
26 conclusion to which no response is required, but to the extent a response to the  
27 allegations is required, Next Productions lacks knowledge or information sufficient  
28 to form a belief as to the truth of the allegations of Paragraph 21 of the Complaint

1 as they relate to Defendants Does 1-10, and on that basis, Next Productions denies  
2 the allegations.

### 3 **JURISDICTION AND VENUE**

4 22. The allegations of Paragraph 22 of the Complaint state a legal  
5 conclusion to which no response is required, but to the extent a response to these  
6 allegations is required, Next Productions lacks knowledge or information sufficient  
7 to form a belief as to whether the Court has jurisdiction over this lawsuit and parties  
8 pursuant to Section 301 of the Labor Management Relations Act, as amended,  
9 29 U.S.C. § 185, and 28 U.S.C. § 1331, 1337, and 1367, and on that basis, Next  
10 Productions denies the allegations.

11 23. The allegations of Paragraph 23 of the Complaint state a legal  
12 conclusion to which no response is required, but to the extent a response to these  
13 allegations is required, Next Productions lacks knowledge or information sufficient  
14 to form a belief as to whether venue is proper in this District pursuant to 28 U.S.C.  
15 § 1391(b) , and on that basis, Next Productions denies the allegations.

### 16 **THE COLLECTIVE BARGAINING AGREEMENT**

17 24. The allegations of Paragraph 24 of the Complaint state a legal  
18 conclusion to which no response is required, but to the extent a response to the  
19 allegations is required, Next Productions lacks knowledge or information sufficient  
20 to form a belief as to the truth of the allegations of Paragraph 24 of the Complaint,  
21 and on that basis, Next Productions denies the allegations.

22 25. The allegations of Paragraph 25 of the Complaint state a legal  
23 conclusion to which no response is required, but to the extent a response to the  
24 allegations is required, Next Productions lacks knowledge or information sufficient  
25 to form a belief as to the truth of the allegations of Paragraph 25 of the Complaint,  
26 and on that basis, Next Productions denies the allegations.

27 26. The allegations of Paragraph 26 of the Complaint state a legal  
28 conclusion to which no response is required, but to the extent a response to the

1 allegations is required, Next Productions lacks knowledge or information sufficient  
 2 to form a belief as to the truth of the allegations of Paragraph 26 of the Complaint,  
 3 and on that basis, Next Productions denies the allegations.

4 27. The allegations of Paragraph 27 of the Complaint state a legal  
 5 conclusion to which no response is required, but to the extent a response to the  
 6 allegations is required, Next Productions lacks knowledge or information sufficient  
 7 to form a belief as to the truth of the allegations of Paragraph 27 of the Complaint,  
 8 and on that basis, Next Productions denies the allegations.

9 28. The allegations of Paragraph 28 of the Complaint state a legal  
 10 conclusion to which no response is required, but to the extent a response to the  
 11 allegations is required, Next Productions lacks knowledge or information sufficient  
 12 to form a belief as to the truth of the allegations of Paragraph 28 of the Complaint,  
 13 and on that basis, Next Productions denies the allegations.

14 29. The allegations of Paragraph 29 of the Complaint state legal  
 15 conclusions to which no response is required, but to the extent a response to the  
 16 allegations is required, Next Productions lacks knowledge or information sufficient  
 17 to form a belief as to the truth of the allegations of Paragraph 29 of the Complaint,  
 18 and on that basis, Next Productions denies the allegations.

### 19 **MUSICIANS PERFORM WORK**

20 30. The allegations of Paragraph 30 of the Complaint state legal  
 21 conclusions to which no response is required, but to the extent a response to the  
 22 allegations is required, Next Productions lacks knowledge or information sufficient  
 23 to form a belief as to the truth of the allegations of Paragraph 30 of the Complaint,  
 24 and on that basis, Next Productions denies the allegations.

### 25 **BREACH OF AGREEMENT**

26 31. Next Productions lacks knowledge or information sufficient to form a  
 27 belief as to the truth of the allegations of Paragraph 31 of the Complaint, and on  
 28 that basis, Next Productions denies the allegations.

1           32. The allegations of Paragraph 32 of the Complaint state a legal  
2 conclusion as to which no response is required, but to the extent a response is  
3 required, Next Productions lacks knowledge or information sufficient to form a  
4 belief as to the truth of the allegations of Paragraph 32 of the Complaint, and on  
5 that basis, Next Productions denies the allegations.

6           33. Next Productions lacks knowledge or information sufficient to form a  
7 belief as to the truth of the allegations of Paragraph 33 of the Complaint, and on  
8 that basis, Next Productions denies the allegations.

9           34. Next Productions lacks knowledge or information sufficient to form a  
10 belief as to the truth of the allegations of Paragraph 34 of the Complaint, and on  
11 that basis, Next Productions denies the allegations.

12           35. Next Productions lacks knowledge or information sufficient to form a  
13 belief as to the truth of the allegations of Paragraph 35 of the Complaint, and on  
14 that basis, Next Productions denies the allegations.

15           36. Next Productions lacks knowledge or information sufficient to form a  
16 belief as to the truth of the allegations of Paragraph 36 of the Complaint, and on  
17 that basis, Next Productions denies the allegations.

18           37. Next Productions lacks knowledge or information sufficient to form a  
19 belief as to the truth of the allegations of Paragraph 37 of the Complaint, and on  
20 that basis, Next Productions denies the allegations.

21           38. The allegations of Paragraph 38 of the Complaint states legal  
22 conclusions as to which no response is required, but to the extent a response is  
23 required, Next Productions lacks knowledge or information sufficient to form a  
24 belief as to the truth of the allegations of Paragraph 38(a) – (d) of the Complaint,  
25 and on that basis, Next Productions denies the allegations.



**CLAIM ONE**  
**BREACH OF CONTRACT**

39. Next Productions restates and incorporates by reference its responses to the allegations in Paragraphs 1 through 38 of the Complaint.

40. The allegations of Paragraph 40 of the Complaint state a legal conclusion to which no response is required, but to the extent a response to the allegations is required, Next Productions lacks knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 40 of the Complaint, and on that basis, Next Productions denies the allegations.

41. The allegations of Paragraph 41 of the Complaint state a legal conclusion to which no response is required, but to the extent a response to the allegations is required, Next Productions lacks knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 41 of the Complaint, and on that basis, Next Productions denies the allegations.

42. The allegations of Paragraph 42 of the Complaint state a legal conclusion to which no response is required, but to the extent a response to the allegations is required, Next Productions lacks knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 42 of the Complaint, and on that basis, Next Productions denies the allegations.

**CLAIM TWO**  
**ACCOUNTING**

43. Next Productions restates and incorporates by reference its responses to the allegations in Paragraphs 1 through 42 of the Complaint.

44. The allegations of Paragraph 44 of the Complaint state a legal conclusion to which no response is required, but to the extent a response to the allegations is required, Next Productions lacks knowledge or information sufficient



1 to form a belief as to the truth of the allegations of Paragraph 44 of the Complaint,  
2 and on that basis, Next Productions denies the allegations.

3 45. The allegations of Paragraph 45 of the Complaint state a legal  
4 conclusion to which no response is required, but to the extent a response to the  
5 allegations is required, Next Productions lacks knowledge or information sufficient  
6 to form a belief as to the truth of the allegations of Paragraph 45 of the Complaint,  
7 and on that basis, Next Productions denies the allegations.

8 46. The allegations of Paragraph 46 of the Complaint state a legal  
9 conclusion to which no response is required, but to the extent a response to the  
10 allegations is required, Next Productions denies the allegations of Paragraph 46 of  
11 the Complaint.

12 47. The allegations of Paragraph 47 of the Complaint state a legal  
13 conclusion to which no response is required, but to the extent a response to the  
14 allegations is required, Next Productions denies the allegations of Paragraph 47 of  
15 the Complaint.

16 **CLAIM THREE**  
17 **MONIES HAD AND RECEIVED**

18 48. Next Productions restates and incorporates by reference its responses  
19 to the allegations in Paragraphs 1 through 47 of the Complaint.

20 49. The allegations of Paragraph 49 of the Complaint state a legal  
21 conclusion to which no response is required, but to the extent a response to the  
22 allegations is required, Next Productions denies the allegations of Paragraph 49 of  
23 the Complaint.

24 50. The allegations of Paragraph 50 of the Complaint state a legal  
25 conclusion to which no response is required, but to the extent a response to the  
26 allegations is required, Next Productions denies the allegations of Paragraph 50 of  
27 the Complaint.  
28

51. The allegations of Paragraph 51 of the Complaint state a legal conclusion to which no response is required, but to the extent a response to the allegations is required, Next Productions denies the allegations of Paragraph 51 of the Complaint.

## **CLAIM FOUR**

52. Next Productions restates and incorporates by reference its responses to the allegations in Paragraphs 1 through 51 of the Complaint.

53. The allegations of Paragraph 53 of the Complaint state a legal conclusion to which no response is required, but to the extent a response to the allegations is required, Next Productions denies the allegations of Paragraph 53 of the Complaint.

54. The allegations of Paragraph 54 of the Complaint state a legal conclusion to which no response is required, but to the extent a response to the allegations is required, Next Productions denies the allegations of Paragraph 54 of the Complaint.

55. The allegations of Paragraph 55 of the Complaint state a legal conclusion to which no response is required, but to the extent a response to the allegations is required, Next Productions denies the allegations of Paragraph 55 of the Complaint.

56. The allegations of Paragraph 56 of the Complaint state a legal conclusion to which no response is required, but to the extent a response to the allegations is required, Next Productions denies the allegations of Paragraph 56 of the Complaint.

57. The allegations of Paragraph 57 of the Complaint state a legal conclusion to which no response is required, but to the extent a response to the

1 allegations is required, Next Productions denies the allegations of Paragraph 57 of  
2 the Complaint.

3  
4 **CLAIM FIVE**  
**DECLARATORY RELIEF**

5 58. Next Productions restates and incorporates by reference its responses  
6 to the allegations in Paragraphs 1 through 57 of the Complaint.

7 59. The allegations of Paragraph 59 of the Complaint state a legal  
8 conclusion to which no response is required, but to the extent a response to the  
9 allegations is required, Next Productions denies the allegations of  
10 Paragraph 59(a) – (c) of the Complaint.

11 60. The allegations of Paragraph 60 of the Complaint state a legal  
12 conclusion to which no response is required, but to the extent a response to the  
13 allegations is required, Next Productions denies the allegations of  
14 Paragraph 60(a) – (c) of the Complaint.

15 61. The allegations of Paragraph 61 of the Complaint state a legal  
16 conclusion to which no response is required, but to the extent a response to the  
17 allegations is required, Next Productions denies the allegations of Paragraph 61 of  
18 the Complaint.

19 **RESPONSE TO PRAYER FOR RELIEF**

20 Next Productions denies that Plaintiff is entitled to any of the relief requested  
21 in paragraphs (1) through (11) of the Prayer for Relief contained in the Complaint,  
22 or to any relief whatsoever, and further denies that Plaintiff has been injured or  
23 damaged in any amount whatsoever, or at all, by any act or omission of Next  
24 Productions.

25 **AFFIRMATIVE DEFENSES**

26 Without assuming any burden of proof that it would not otherwise bear, Next  
27 Productions also asserts the following separate and additional defenses:  
28

1 **AFFIRMATIVE DEFENSES**

2 **FIRST AFFIRMATIVE DEFENSE**

3 (Failure to State a Claim)

4 1. The Complaint, and each purported claim for relief alleged in it, fails  
5 to state a claim for relief against Next Productions.

6 **SECOND AFFIRMATIVE DEFENSE**

7 (Failure to Plead Claims With Required Specificity)

8 2. The Complaint, as well as each and every alleged claim for relief  
9 therein, is barred in whole or in part because Plaintiff failed to allege facts with the  
10 requisite accuracy and specificity to state a cause of action against Next  
11 Productions.

12 **THIRD AFFIRMATIVE DEFENSE**

13 (Statute of Limitations)

14 3. To the extent any of the conduct complained of occurred outside the  
15 applicable limitations period, Plaintiff's Complaint and any purported claims for  
16 relief alleged therein are barred, in whole or in part, by the applicable statutes of  
17 limitations, including, but not limited to, the four-year statute of limitations under  
18 California Code of Civil Procedure section 337. *See Int'l Union, UAW v. Hoosier*  
19 *Cardinal Corp.*, 383 U.S. 696, 704-05 (1966).

20 **FOURTH AFFIRMATIVE DEFENSE**

21 (No Damages)

22 4. The Complaint is barred because Plaintiff has no right to the amounts  
23 sought in the Complaint and/or has suffered no injury as a result of Next  
24 Productions' actions.

25 **FIFTH AFFIRMATIVE DEFENSE**

26 (Failure to Mitigate)

27 5. Plaintiff, in the exercise of reasonable diligence, could have mitigated  
28 the alleged monetary and other damages to itself and its members, but Plaintiff

1 failed to exercise reasonable diligence and have not mitigated such alleged  
2 damages.

3 **SIXTH AFFIRMATIVE DEFENSE**

4 (Good Faith)

5 6. Any and all actions taken by Next Productions were fair and  
6 reasonable and were performed in good faith based on all relevant facts known to  
7 Next Productions at the time.

8 **SEVENTH AFFIRMATIVE DEFENSE**

9 (Third Party)

10 7. Some or all of Plaintiff's claims are barred because the alleged conduct  
11 complained of by Plaintiff was done by persons or entities other than Next  
12 Productions and, that at all times, said persons or entities acted without the consent,  
13 authorization, knowledge, or ratification of Next Productions with regard to the acts  
14 as alleged in the Complaint.

15 **EIGHTH AFFIRMATIVE DEFENSE**

16 (Laches/Waiver/Estoppel)

17 8. The Complaint, and each claim for relief alleged therein, is barred in,  
18 in whole or in part, by the doctrines of laches, waiver, and/or estoppel.

19 **NINTH AFFIRMATIVE DEFENSE**

20 (Unclean Hands)

21 9. The Complaint and any purported claims for relief alleged therein are  
22 barred, in whole or in part, by the doctrine of unclean hands.

23 **TENTH AFFIRMATIVE DEFENSE**

24 (Proximate Causation)

25 10. Plaintiff cannot prove any facts showing that Next Productions'  
26 conduct was the proximate cause of the losses incurred, if any, and the damages  
27 sought in the Complaint, which are denied.

**ELEVENTH AFFIRMATIVE DEFENSE**

(Proportionate Fault)

11. If Plaintiff sustained any injuries under the circumstances alleged in the Complaint, which is denied, Next Productions is liable only for that portion of alleged damages, if any, which corresponds to Next Productions' degree of fault or responsibility, and Next Productions is not liable for damages attributable to the responsibility, negligence or fault of Plaintiff or of any other person or entity, whether named or unnamed in the Complaint.

**TWELFTH AFFIRMATIVE DEFENSE**

(No Attorneys' Fees)

12. To the extent Plaintiff seeks an award of attorneys' fees or costs, the Complaint fails to state facts sufficient to support such an award.

**THIRTEENTH AFFIRMATIVE DEFENSE**

(Failure to Exhaust Remedies)

13. Plaintiff's Complaint and any purported claims for relief alleged therein are barred because Plaintiff failed to exhaust its administrative and/or contractual remedies available to its claims therein and the persons against whom it has brought them.

**FOURTEENTH AFFIRMATIVE DEFENSE**

14. The Complaint does not describe the claims or facts with sufficient particularity to permit Next Productions to ascertain what other defenses may exist. Next Productions may rely on any and all further separate and additional defenses that become available or appear during discovery in this action. Next Productions reserves its right to amend this Answer for the purpose of asserting such additional defenses.

**FIFTEENTH AFFIRMATIVE DEFENSE**

15. Next Productions incorporates herein the separate and additional defenses alleged by the other Defendants in this action to the extent applicable to Next Productions.

**PRAYER FOR RELIEF**

WHEREFORE, Next Productions prays that Plaintiff take nothing by the Complaint and this Court enter judgment:

1. Dismissing the Complaint in its entirety with prejudice;
2. Awarding Next Productions its attorneys' fees and costs in this action; and
3. For any other relief this Court may deem just and proper.

**JURY DEMAND**

Next Productions hereby demands a trial by jury on all claims so triable.

Dated: June 9, 2016

MANATT, PHELPS & PHILLIPS, LLP  
JOHN M. GATTI  
ALAN M. BRUNSWICK  
CARY L. FINKELSTEIN

By: /s/ John M. Gatti

John M. Gatti  
*Attorneys for Defendant*  
NEXT PRODUCTIONS, LLC